TVRO DEALER
SATELLITE TV WEEK®
VOLUME 1 • NUMBER 4 AUGUST 1986

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DALLAS FINDS "NEW MOOD"

Dealers Urged to Find Fourth of All Americans Without Cable

by Richard Acello

DALLAS — Satellite dealers need to market aggressively to the one fourth of all American homes who may never have cable, claimed speakers to a small but hearty crowd of 3,000 at the last SPACE-STTI show in Dallas. "We are at the bottom of a valley," said DX Communications' Dick Gonzalez, who added he also saw "a renewal of faith in the industry. A shakeout is healthy; in the long run our industry is better for it," he concluded.

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Seek Customers, Says Howard

Text of Dallas address.

see page 10

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AUGUST 1986

TVRO DEALER
SATELLITE TV WEEK

VOLUME 1 NUMBER 4

EDITOR'S MESSAGE

by Richard Acello

Business Beyond Scrambling

"Scrambling is old news, a dead issue, a done deal," according to Showtime's Stephan Schulte, and the 3,000 or so who attended the Dallas SPACE show — showed no inclination to argue. Most of us tired of hearing about scrambling sometime in January, and others did something about it. Some dealers are still selling 40 systems a month, others have forgotten all about scrambling, which is now subscription television, and decoders, which are subscription access modules.

Look for program packages to be announced before year's end. Likely lineups? How about Showtime, Nick, VHI, MTV, The Movie Channel and some Turner combo? Or a VFN package of SelecTV, Turner, and others? HBO will presumably also want a package, and the NCREA has Disney interested.

It's necessary to break the perception that clouded satellite TV's reception this year. Satellite TV is the television of choice for an estimated 20 million households who may never have cable, and for a number of households with cable who want it all.

Marketing both nationally and in our communities is our most urgent need. This issue we focus on marketing efforts by programmers, dealers, and manufacturers. Some industry leaders are expecting a well-attended Nashville show, and we'll see you there and find out for ourselves. TVRO

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EVENTS CALENDAR

AUG. 10-12 — **SATELLITE ACCESS CONFERENCE**
Keystone Resort, Keystone, CO.
For more information contact:
Helen Mulvihill (303) 779-7930

AUG. 8-10 — **HOME SATELLITE TRADE SHOW**
John Ascuaga's Nuggett
Sparks, Nevada. For more information contact Evelyn Kessler, (702) 362-2285

SEPT. 1-3 — **SPACE/STTI NASHVILLE SHOW**
Opryland Hotel,
Nashville, Tennessee
For more information contact Rick Schneringer at STTI,
4970 S. Arville, Suite 108,
Las Vegas, Nevada
(800) 654-9276

SEPT. 29-30 — **SATELLITE TECHNOLOGY FOR THE NON-TECHNICAL MANAGER**
San Francisco, California
Contact: Rose Hill
(301) 340-2100

TCI Offers Program Distribution Plan

The following is a letter from John Sie, Senior Vice President of TCI to Rep. Tim Wirth, chairman of the House Telecommunications Subcommittee.

Representative Timothy E. Wirth
The House of Representatives
2454 Rayburn Building
Washington, DC 20515

Dear Representative Wirth:

As many of the cable programmers commence the scrambling of their signals, cable operators like TCI are aggressively marketing cable programming to backyard dish owners in their operating areas with attractive pricing packages.

Unfortunately, for many dish owners living in remote rural America, the logistics for ordering cable programming are confusing and complex. Moreover, the sum of all the a la carte charges for a package of services is much higher than, for example, what TCI charges for similar packages. People in rural America are, not surprisingly, conveying their frustrations to their Congressmen and Senators. I believe this is the main reason why the public policy debate on scrambling remains a very hot topic.

The issue of the accessibility of cable programming to rural America will not, however, be solved by any of the pending legislative proposals that seek to impose a moratorium or unnecessary and burdensome governmental regulation on the industry. Rather, the seeming disparity in service for dish owners in cable versus non-cable areas, I believe, is rooted in the fundamental economics of satellite programming distribution. A better understanding of the dynamics of this issue can lead to scenarios which will make cable programming easily accessible at attractive prices to rural America.

The cable programmers have been heretofore wholesalers. They license their programming to some 7,000 cable operators who package and retail it to some 36 million subscribers. The cable industry has already in place the sales and service infrastructure to market the very same product to dish owners. To us it is an incremental business. However, for individual cable programmers to set up a direct retail organization to market single channels of cable service on an a la carte basis is very costly.

The way out of this quandary is not to get into a debate that slows down the scrambling process, for that will only contribute to further uncertainties in the marketplace and stifle the growth of this infant industry. Rather this dilemma can be resolved if the cable programmers can develop a distribution system to simplify the ordering process (by permitting one communication per transaction) and to minimize the transactional logistics and offer packaging discounts while maintaining the competitive nature amongst the various cable programmers.

One such scenario to achieve these ends is described below:

Authorization Users' Co-op

Since the dish owner may own the addressable decoder, he may purchase either individual a la carte services or a package of services. Currently, however, each transaction would require the dish owner to communicate with the business computers of each different program supplier and receive separate billing from

each, an incredibly complex and ineffective process. A users' co-op amongst programmers would permit the necessary software to be developed at M/A-COM's DBS Authorization Center so that each order from one subscriber need only require one transactional communication. A software grid will determine whether a request for authorization from a distributor or an agent for different programs to be transmitted to a decoder located in a particular territorial address matches the pre-loaded authorization information. If the match-up checks, then the appropriate authorization signals will be sent by M/A-COM to the various programmers' uplink encoders. TCI and M/A-COM are currently developing such software. We will certainly share such efforts if a users' co-op were to be formed.

Blind Data Bank

A blind and secure data bank along the lines of a bonded warehouse (managed perhaps by a Big 8 accounting firm) needs to be created so that all authorized distributors and cable programmers will receive appropriate data for proper billing and marketing and the privacy of everyone's proprietary data will be protected. Such a data bank is also needed for queries pursuant to field or office audits aimed at weeding out unauthorized decoders.

Retail Package Pricing

All programmers who have scrambled or plan to scramble their signals have announced stand alone a la carte retail rates. As a member of the users' co-op, they would also independently establish and announce packaged retail rates (presumably lower than their a la carte rates) for their specific services if the dish owner orders more than a minimum number of services as a package. This would provide the dish owner with the flexibility of choice at packaged discount prices while providing ample competition amongst the programmers. As indicated, the programmers would set their prices independently and they would

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YOUR LETTERS

KENTUCKY
ROBIN ADAIR
ELIZABETHTOWN

Dear Editor:

Possibly this is the first you have heard about the Kentucky Satellite Dealer Association. We are a state chartered non-profit association of satellite system owners, dealers, distributors and manufacturers. We will be drafting a set of bylaws and hope you will participate in helping with this most important task.

We seek participation of everyone including manufacturers outside of Kentucky. Everyone should demonstrate their interest in and commitment to this industry by joining the association and being as active as possible. Once enough consumers have joined, they hopefully will form their own organization and it will be represented on our board of directors.

Annual membership dues will be: Associate/consumer, $10; Dealer, $50; Distributor & Manufacturer, $250.

Please send them to our office address or if you can be at the next meeting join then. Meetings are important and feel free to come late if you must.

Our goal is to have an organized chapter in each of the state's seven congressional districts. This will permit maximum participation and involvement without chapter members having to travel long distances. Members of the state board can travel to the district meetings and district board members can meet in a central location several times a year. Then there would be at least one state-wide meeting for all members each year.

Members at the June 11, 1986 meeting unanimously approved the drafting of a telegram which was sent to each of our state Representatives, our two Senators, and to Mr. Wirth, Chairman of the House Telecommunication Subcommittee. It read:

> "Kentucky Satellite Dealer Association representing dealers, consumers, and distributors request you support: Legislative action this year. FCC designated encryption system. Licensed in the public domain. No radio/TV transmission in public domain, be encrypted. No network program(s) be encrypted. Satellite subscription programming be sold in a competitive marketplace. The KSDA condemns any/all illegal action regardless of purpose or source."

One short letter cannot cover everything and you are urged to contact us for further information: Kentucky Satellite Dealer Association, 3037 Ring Road, Elizabethtown, KY 42701 (502) 737-5497. You can help us by becoming active members and we look forward to seeing you at the next meeting and/or your becoming a member. Thank you!

Ms. Robin Adair

We want to hear from you!

Send your comments on articles, satellite television, and other concerns to Editor, TVRO Dealer, PO Box 308, Fortuna, CA 95540. We reserve the right to edit for length.

DEALER DATELINE

AUGUST 2
ALBANY, NY

CHAPARRAL DEALER CERTIFICATION AND TRAINING SEMINAR
Americana
660 Albany/Schackee Road
(518) 869-8100

AUGUST 7-8
SACRAMENTO

INSTALLATION SCHOOL AND DEALER SEMINAR
Contact: David Parker
Home Satellite, 140 N. "C" St.
(916) 441-6036

AUGUST 9
PHOENIX

ECHOSPHERE SUMMER SEMINAR
Contact your nearest Echosphere Distributor or Kimberly Gordon, (303) 934-4484

AUGUST 16
COLUMBUS, O.

CHAPARRAL DEALER CERTIFICATION AND TRAINING SEMINAR
Raddison Hotel
4900 Sinclair Rd.
(614) 846-0300

SEPTEMBER 4-5
SACRAMENTO

INSTALLATION SCHOOL AND DEALER SEMINAR
Contact: David Parker
Home Satellite, 1401 N. "C" St.
(916) 441-6036

THIS ONE'S FOR YOU!

If you have news for dealers, or are having a seminar, meeting or event for publication, feel free to send it along. Send your announcement to "TVRO Dealer Dateline," P.O. Box 308, Fortuna, CA 95540.

Northwest Show in Reno

Satellite dealers can look forward to meeting and greeting other dealers as well as manufacturers and distributors at the sixth annual Northwest Satellite Conference to be held at John Ascuaga's Nugget in Reno, Nevada, August 8, 9 and 10. Reno is the trade show for the northwest.

This year's conference will have the latest in seminars and workshops on such topics as scrambling, programming, marketing, etc.

Fees for attending the conference will be $25 for the three days and $6 for the three days for your spouse.

For more information, please call Evelyn Kessler at (702) 362-2285 or write to American Shows, 4059 Arrowood, Las Vegas, NV 89128.

TVRO

Simplified Guide Available

Satellite TV Week's **A Simplified Guide to Satellite TV** is now back in stock, updated, and better than ever.

A Simplified Guide to Satellite Television is distributed free to dealers enrolled in Satellite TV Week's Dealer Program. It is a useful sales tool for both the casual browser and the customer sitting on the fence. In fact, one dealer reported to us that he gave out ten books and made six system sales.

You can reserve copies of the revised edition now by calling our Dealer Program representatives at 800/358-9997, or in California at 800/556-8787.

TVRO

Bob Heil Uses "Dish 'n 'Dat" Column to Stir Sales

by Bob Heil

Satellite TV equipment dealers across America are in an attempt to stay alive due to many causes. Most would claim the business slump was caused by the scrambling of several programmers.

When surveying the problem, one finds that the real problem exists because the great majority of satellite equipment dealers got into the business several years ago when the home satellite system was the hottest electronic "toy" to hit the marketplace. Anyone could take the order, collect the money and run. There were very few businesses built upon solid business practices and good salesmanship. When the industry hit a rocky road, the inexperienced left in a big hurry leaving the struggling few to fight it out with the "scramblers."

I have been a leading manufacturer of professional audio equipment to the entertainment industry since 1966. I eventually opened a small retail TVRO business in my home town of 2500. I, too, happily took the orders and installed hundreds of systems. However, early in 1985, I began seeing the programmers "test scramble." While most all of the industry was led up the wrong information road for several years by programmers telling the world they would begin scrambling on this date, that date, etc., I finally began to see this testing on the screen. This time they meant business! I thought it was time to start doing some professional marketing. I took action. In the spring of 1985, I launched a successful ad campaign that I still use each week and attribute its success to keeping my TVRO business alive and well.

This program is titled and copyrighted "Dish 'n 'Dat." It is a weekly information column that I run in six to ten rural newspapers. Due to ad rates in these smaller journals, one can place a "Dish 'n 'Dat" column for under $10. In the larger city newspapers this could run as high as $150. However, I have even done that on occasion and found it to be successful. The secret to this, as well as any ad campaign, is consistency. You must make a plan and stick to it. It is much better to run smaller ads that you can afford and keep them in the papers that give you the coverage you desire every week. The consistency should even be followed by requesting the exact same location in the paper, every week. Your store logo (you don't have one?) should always be very clean and visible and the same type face should be used in all of your ads; the ads should all have the same look. You may have to experiment with several different ideas, but see which ones bring you the response and stick to it.

Timing is always important. You just can't place one small ad and call it a success or failure. You really need to look at the overall picture and see if the timing is right. If your town is having a big event (festival, fair, etc.) try to tie in a fair special, run the ads, have them blown up and made into flyers which you can place on every car windscreen of the fair. Take your demo trailer to the fair, make yourself and the dish visible.

We have the most incredible tool to sell that the salesman could possibly dream of — the dish! You pull that into a parking lot with 100 people standing around and tune in a French speaking newscast, a Spanish bull fight or Gene Scott and I will bet you at least 5 of that 100 will be on a prospect list before the night's end!

The TVRO industry is hurting because of lack of salesmen's knowledge and ability to apply certain practical techniques. I make my "Dish 'n Dat" columns available to the industry on a monthly basis along with clever ad slicks, copies of my customer newsletter, press releases and proven sales techniques which can help every TVRO dealer sell more systems. You can contact me at Melco Publishing, P.O. Box 78, Marissa, IL 62257; phone, (618)295-3232. TVRO

Dish 'n 'Dat
By Bob Heil

Within the past 60 days, 6 brand new TV stations have begun delivering their programming exclusively via satellite. All of these new services are clear channel and have announced that they are advertised supported to service the home satellite owner.

The Caribeaan Satellite Network is a brand new ad supported movie channel exclusively for dish owners as is Nustar Movie Network and the Mendocin Arts & Entertainment Network. A brand new Canadian Superstation is being readied for air to the backyard dish owner along with with "Deep Dish TV" a new service on Galaxy One. These are just a few of the new channels that is increasing the home satellite list - a list that grows each week.

Yes, H.B.O. and Cinemax have decided to become a subscription service to the backyard dish owner and is available to all, however for each one of those scrambled there seems to be 6 new stations - in the clear - that come along to take their place.

There are hundreds of FM stereo radio stations which you can receive in your home - via satellite. Absolutely the most phenominal list of programming you could dream of just with the touch of your finger. Television is just a small part of the information available to home dish owners.

A new data service, S.B.N. is now on the air directed exclusively to the agriculture industry. This is the way of the future - but here today! You can receive up to the minute data from various market locations direct via satellite to your home which operates your computer to give you that ever so vital information needed to keep your farming operation profitable. Stop by today, and let us show you how you can benefit from this great service.

There are many areas of the country that are in line of AT&T microwave towers. This interference has made satellite TV reception impossible. We now have a new receiver and filter network that has been 100% effective in clearing up the interference and making TV reception available to each and every household. Call today and arrange for your home demonstration.

Americans, I just can't tell you how wonderful your life can be with satellite TV. It is only a matter of time until every home will be receiving their TV entertainment via satellite. It is the most efficient method of delivering hundreds of crystal clear programs to you and your family. Give me a call today - let's set up a time for your home demo.

The Heil Electronic Plant is on a 5 acre tract in the west side of Marissa. Monday - Friday 9:00 a.m. to 4:30 p.m. Saturday by appointment. Call Bob Heil today at 295-3000. Your family will be happy you did!

HEIL
618-295-3000

HEIL, LTD.
Heil Drive
Marissa, IL 62257

900-1400 MHz Makes Sense for C/Ku Band

by Dick Gonzalez
DX Communications
Vice President of Marketing

For the past few years, much to the puzzlement of TVRO dealers, DX Communications, Inc. has seemingly been out of step with the rest of the industry with their receiver line operating in the 900-1400 MHz range versus the more common 950 to 1450 MHz of their competition.

Now, as the emergence of Ku band broadcast television becomes more apparent, the industry is beginning to recognize that DX engineers knew something more about the future than its competitors and may, indeed, have the right answers for ideal C/Ku band compatibility with their decision to design receivers in the 900 to 1400 MHz range.

Our competitors designed their equipment for reception of C band transmissions and probably never thought Ku band would be used for entertainment programming. DX, on the other hand, because of our background as a major supplier of commercial satellite reception equipment to the broadcast industry, have known for a few years that many of the major programmers plan to move to Ku satellite over the next couple of years. This knowledge gave our engineers the foresight to design equipment that would not become outdated during this transitory period.

Equipment operation in the 950 to 1450 MHz range is fine for C band; however, when the user wants to move from a C band to a Ku band satellite, he runs up against the problems of channel invert and video invert. Some manufacturers have put a switch on the back of their receivers to solve this problem but it means that the user must get up and flip the switch each time they move from C band to Ku band or vice versa. With equipment operating in the 900 to 1400 MHz range, the problem of video inversion as well as channel inversion is eliminated automatically and there is no need for any switching whatsoever by the user. This, we feel, will make DX receivers much more user friendly as more and more programmers move to Ku band transmissions.

With equipment operating in the 900 to 1400 MHz range, video inversion as well as channel inversion is eliminated automatically . . .

Because of the DX decision to design equipment in the 90 to 1400 MHz range, they have had to design and produce a full line of accessories for use specifically with their receivers. This has been very costly for them; however, they believe that in the long run all of their competitors will eventually have to adopt to the DX standard of performance for C/Ku compatibility in order to satisfy the future needs of the consumer. We believe that DX engineers are indeed setting the standard for user friendly features that make sense for the future.

TVRO

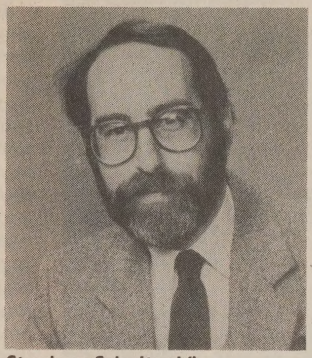
Six Distributors Join Sat Incentive Effort

by Stephan Schulte

Showtime/The Movie Channel Inc. has enlisted six satellite equipment distributors to participate in its satellite retailer incentive program and is in discussion with several others, according to Stephan Wm. Schulte, Senior Vice President, Direct Broadcast Development.

Anixter Communications, based in Skokie, Illinois; Warren Supply Company of Sioux Falls, South Dakota; Satellite Video Services in Catskill, New York; Echosphere Corporation, located in Denver, Colorado; Consumer Satellite Systems of Noblesville, Indiana; and Satellite Receivers Ltd. from Green Bay, Wisconsin join Showtime/The Movie Channel in its efforts to attract new subscribers by stimulating home equipment sales. Each distributor will add its own cash incentive bonus to the $10 marketing awareness incentive that Showtime/The Movie Channel is offering participating satellite dealers who sell VideoCipher II decoders to consumers who subscribe to Showtime and/or The Movie Channel.

The incentive plan will work as follows: when consumers purchase VideoCipher II decoders from authorized retailers, they will be given a premium coupon to submit to Showtime/The Movie Channel if they subscribe to one or both of the services. Consumers can subscribe either directly from Showtime/The Movie Channel or its authorized cable affiliates. Upon receipt of the new HTVRO subscriber's coupon, Showtime/The Movie Channel will send a free sports bag to the subscriber and give the equipment retailer a $10 incentive for creating the local market awareness of Showtime and The Movie Channel in his showroom. If the retailer purchases his equipment from one of the participating distributors, he will receive special gold premium coupons to give his customers. When redeemed, the gold coupons will provide an even greater cash incentive to the retailer. Showtime/The Movie Channel Inc. will handle all fulfillment for the program.



Stephan Schulte, Vice President of Direct Broadcast Development, Showtime.

The program aims to increase consumer awareness of the availability of quality programming and stimulate subscriptions to Showtime and/or The Movie Channel. To increase local market awareness of Showtime and The Movie Channel programming in retail equipment showrooms, satellite retailers participating in the incentive program will receive marketing materials, including posters, point-of-purchase displays, information/ordering brochures and special premium offer coupons for consumers.

Schulte commented, "The distributors who will be joining us in our incentive program are progressive, forward-thinking organizations who clearly see their responsibility to help get the HTVRO market back on track. We are now building the foundation for a lasting, synergistic relationship with satellite equipment distributors and are delighted to see this proactive response so early in the ballgame."

TVRO

INDUSTRY NEWS

BORESIGHT NEWS 17[S1]
Thursdays, 9 p.m. (E)

HOME SATELLITE SAT-CHAT 23[F4]
with Harry Tootle,
Sunday, 12 midnight (E)

INDEPENDENT SATELLITE TV NETWORK 09[S1]
TVRO news and talk show
(24 hours)

SPACE/ SHOWTIME 17[S1]
The Satellite Television Industry Association, Inc. news and views,
Tuesdays, 9 p.m. (E)
Wednesdays, 12 noon (E)
— repeat

AUDIO ONLY

FM AMERICA 18[T3]
with Keith Lamonica
Weeknightly talk show covering TVRO topics,
8 p.m.-12 midnight (E)

NORTH AMERICA ONE 18[T3]
Easy Listening 7.2 & 7.56
24-hrs; Talk show discrete
8 p.m.-midnight (E)

No Cable

An address delivered in Dallas, Texas, June 19, 1986 by H. Taylor Howard Space Chairman of the Board

As long as the consumer has to worry about the usefulness and cost of the system, sales will be depressed.

The state of our little industry is characterized by the media as somewhere between dead and racing down the tubes. For several of our industry pundits these were the last words they wrote before heading to greener pastures. For some businesses from dealer to manufacturer the death knell has sounded and for others they are giving away their possessions at a six month wake.

We are all painfully aware of the recent past and I would like to help you look toward the future. The fact that you are here means that you have survived — that fact, alone, means that you know something the others missed.

We all know a number of facts which don't help us much: The consumer economy is soft, scrambling is finally here, cable wants a large piece of the action, a strong third party program packager has yet to emerge, and the Shuttle launch program is at a standstill. Let's look at these one at a time.

There was no doubt, even six months ago when the decline began, that the consumer economy, particularly for large ticket items was soft. Low percentage rate financing which began on imported vehicles in late '85 is now a reality for American cars — witness the GMAC finance and rebate program! Satellite TV is a large ticket item which comes well behind home and automobile on the consumer list. This is particularly true early in the year — for example in consumer electronic sales the volume in the last four months of the year typically equals that of the first eight months.

Scrambling didn't just arrive in January after being promised and threatened for five years, it came with a cable industry advertising blitz designed to destroy the competition — us. The combination of expensive decoders, overpriced programming with cable kickbacks, and a campaign designed to unsettle the already suffering consumer was too much. Those dealers who had met the coming of scrambling head on with consumer education were at least one step ahead of those who had not, but still had to deal with a much different market, one in which there was now a mix of "free" and paid for programming.

For Fourth of U.S. Homes

That cable wants a large piece of the action is very clear — but which piece? While cable involves a fair amount of hardware, the hardware is just a necessary evil. Everyone in cable knows that the money is to be made in software, the software being video. Most people in that industry now understand the inevitability and desirability of home satellite TV. They understand that people get it for choice and not to steal and they know they, themselves, have done a poor job on both of those fronts within their own systems.

They further know that somewhere between a quarter and a half of the 100 million American homes are not ever going to subscribe to cable for a number of reasons. Their first thrust is, of course, to prevent satellite from invading their franchise areas where they have done a bad enough job to drive the consumer to a dish! Some have done it in a positive way trying to woo back their customers with increased, better quality and cheaper service. Others have attacked with threats, "birdbath" advertising and restrictive zoning. The main thrust appears to be control of programming on a national level. The major programmers are "cable friendly" and, while they restrict the cable operator roughly to a franchise area, they kick-back significant dollars to the operator for any dish invader of the franchise. So you bought a dish because you didn't want or couldn't get cable and your money now flows to someone who is providing no service.

This attempt to form the last great American monopoly has got to fail and the cable industry has to learn to take its piece of the pie and get sufficient nourishment from it. You are well aware of federal legislative interest in these matters — we have had two sets of hearings in the House and are scheduled for more, next month in the Senate — and the general feeling is that the free enterprise system can work it out if given the chance. One way to realize that is through third party programmers who deal on a non-discriminatory basis with any TV viewer. This would allow competition between cable and satellite, and would keep rates to the consumer low and, eventually, increase the amount of programming available. All of us as individuals and as members of various organizations should encourage such activity, for every consumer, whether cable or satellite, will benefit.

The greatly dimished U.S. launch capability brought on by the Shuttle disaster is going to affect our country in so many serious ways that it seems trivial to even think about not getting more TV. Many engineers and scientists, yours truly included, tried to stop NASA from putting all of our eggs in the Shuttle basket. We failed. Now we are seeing the clock turn back with the development and procurement of expendable launch vehicles. These things take time, however, and the likelihood of civilian communications or scientific craft on U.S. vehicles in the next two years is very small. Fortunately we have excess transponder capacity at both C and Ku bands to tide us over this period. It does mean that, as geriatric and catastrophic failures occur on the existing birds, transponder space will become a much more valuable commodity and that preemptable services are more vulnerable than ever.

Finally, what does all of this mean to our industry? In the short term one of the most serious problems is that of consumer confusion. As long as the consumer has to worry about the usefulness and cost of the system, sales will be depressed. There is much to be done with awareness and advertising programs to reduce this problem. SPACE can help you and your organization with such efforts. There are programs working in certain areas which are very effective and these can be made available to you. The really, long term problem, which is related to the above, has to do with control of the software. We as the developers and promoters of this new technology simply must not accept being controlled by the predecessor technology which is now our competitor. There are a number of ways to assure success such as participation in SPACE, in individual political action, and through strong and fair business practices.

The real way to win is through success. Forty years ago there was little television and no cable. Now there are nearly 90 million TV households and some 37 million basic cable subscribers. Just five years ago there were only a few home satellite systems and now there are nearly two million. As the number grows so does the video producing industry's interest in us grow — and so does that of the advertisers. There will come a point at which Satellite will be a market in its own right — at that point the tables will be turned and the poor consumer stuck with only cable or broadcast TV will then be the second class citizen. Keep up the good work and hang in there, for satellite video and data direct to the home is the future.

TVRO

. . . somewhere between a quarter and a half of the 100 million American homes are not ever going to subscribe to cable for a number of reasons.

Dealer Service Wins Hollywood Celebs

by Wendy Williams

When Pasadena, California dealer Stewart Farquhar goes star gazing, he has his satellite dishes firmly planted on earth. That's because many of his customers are stars, ranging from Burt Reynolds to Dodger manager Tommy Lasorda.

Farquhar, originally a physicist, got into the satellite industry in 1981. He started first part time, but his fascination with the industry and the industry's growth changed all that. His basic philosophy about work and life began at a young age when he took a radio apart to find out how it works. Ever since then, he's always wanted to know how things work.

"The reception is great and it operates with such ease. Again, thank you and if I can ever assist you in any way, please feel free to call."

It also helps if you've got some well-known customers who write nice letters. A letter from Burt Reynolds, dated October 7, 1985, reads, "Simply a brief note to let you know how pleased I am with my Luxor Mark II Satellite System...The reception is great and it operates with such ease. Again, thank you and if I can ever assist you in any way, please feel free to call." It's signed simply, "Burt."

Farquhar, however, says it's unlikely that Burt Reynold's offer of "assistance" means you may see a satellite dealer in the next **Smokey and the Bandit** movie.

And from Tommy Lasorda, there's this: "I want to express my sincere thanks for the wonderful service you've been giving me. Your prompt response to service calls has been outstanding...You have been very helpful in teaching us how our system works. Hope you enjoy continued success...Your friend, Tom."

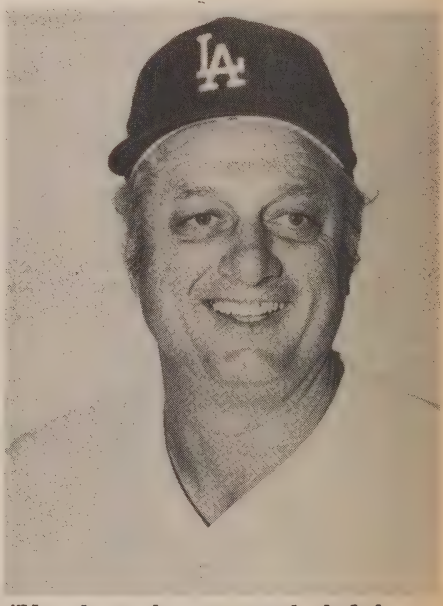
Farquhar says the key to dealer success is right in those two letters; following up, and proving yourself to be reliable. He says he's taken a strong stance against shoddy dealers, those who advertise a system for $499 and then put the $700 installation fee in small print. That hurts the industry, he says.

Another damaging practice, says Farquhar, is backyard tinkerers and installers who see the industry as a fast way to make a buck. They make the repairs or the installation and then are never heard from again. When something goes wrong, then the customer is left is the lurch.

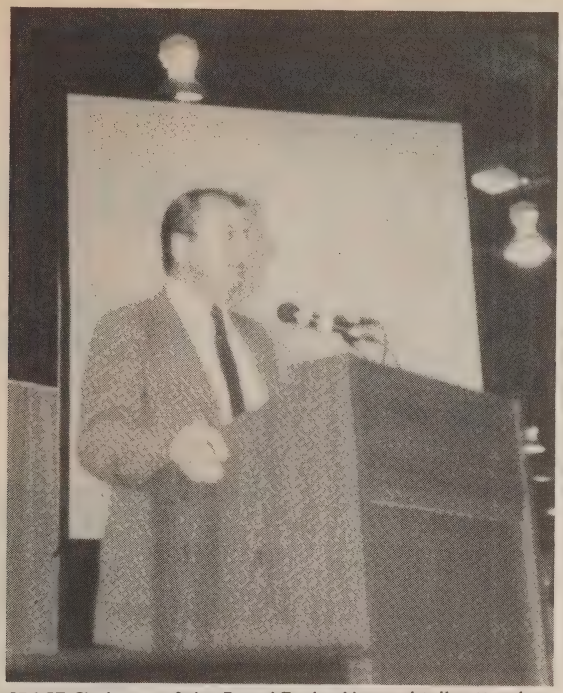
But when your customers are in the public eye, it's important to give good service. And that, says Farquhar, is what it's all about.

TVRO

Burt Reynolds loves his Farquhar Luxor.



"You have been very helpful in teaching us how our system works," wrote Dodger manager Tom Lasorda.



SPACE Chairman of the Board Taylor Howard tells attendees, "The fact you are here means you survived."

continued from page 1

"The fact that you are here means that you have survived — that fact alone means you know something the others missed," offered SPACE Chairman Taylor Howard. Some attendees took large displays, getting aggressive in a bear market. For others, it was a chance to talk to people you never have the chance to talk to at satellite shows. "I've had quality time with the people I've talked to," said one distributor.

For SPACE, it was a time to change the trade association's relationship with counsel Rick Brown. Brown will no longer serve as SPACE counsel, but will instead head the Satellite TV Viewing Rights "superfund." Brown will, in effect, become the black hat lobbying for and against legislation, while SPACE dons a white hat, indicating a greater interest in product image, said SPACE chairman Taylor Howard. In the keynote address, Showtime's Stephan Schulte told the attendees, "Scrambling is old news . . . a dead issue, a done deal. Let's put the rhetoric behind us," urged Schulte, adding, "Showtime will work very closely with the satellite industry to see that sales get moving again."

Next year, STTI will not hold a Dallas show; Las Vegas will remain as a winter show, and Nashville will stay in its Labor Day weekend spot. **TVRO**

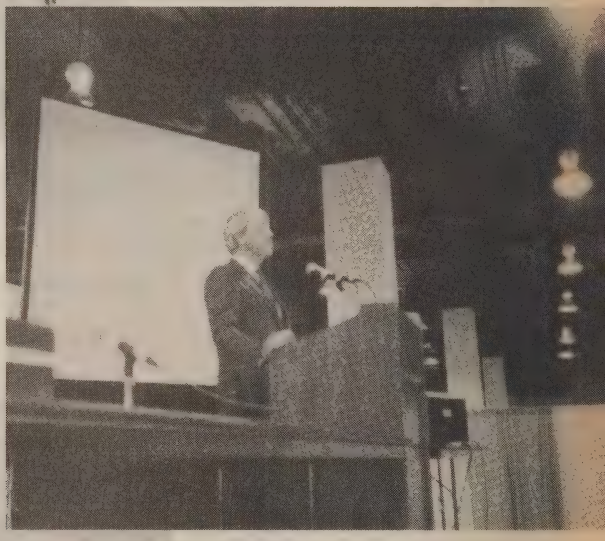
"I've had quality time with the people I've talked to," said one distributor.

Dallas Show Finds "New Mood" in Industry

Dishes lined the rear lot of the Dallas Infomart.

DALLAS '86

"Scrambl
a Done D



United Video's Jack Reilly; "We are the culprits in this scrambling biz — we are not cable and we are not advertiser supported."

Porter offers his autograph to passersby, and Denise Weber and company keep a straight face.

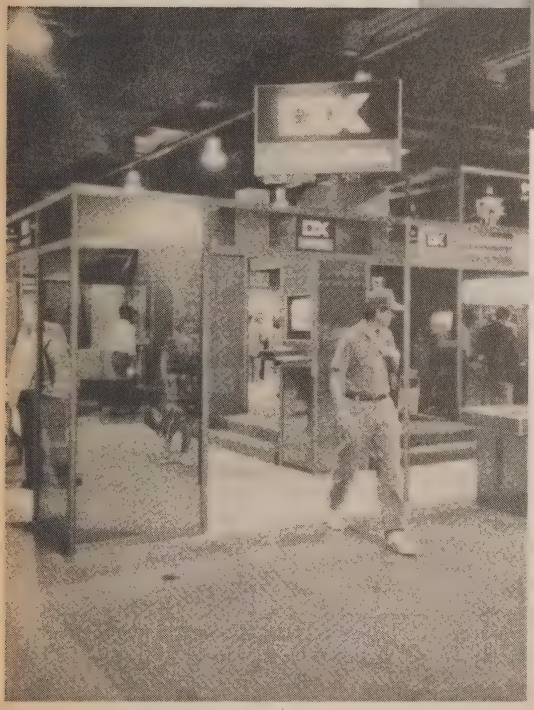
Photos by Richard Acello

ing Is Old News . . .

eal,"

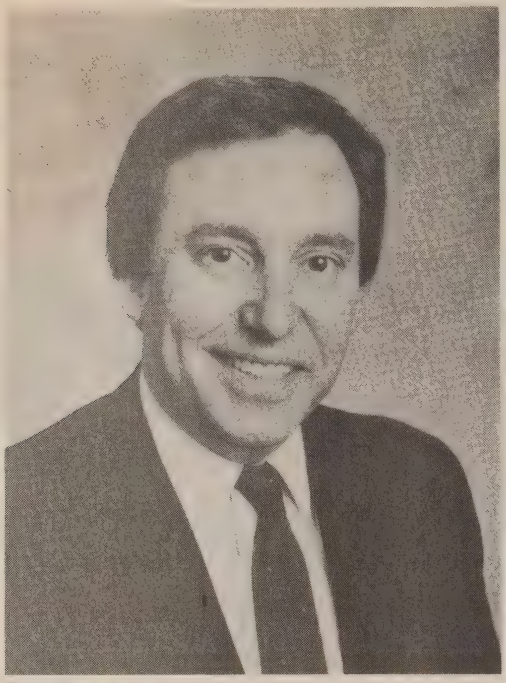
Says Showtime's Schulte

Dick Gonzalez of of DX Communications urged a "new mood" in the satellite TV business.

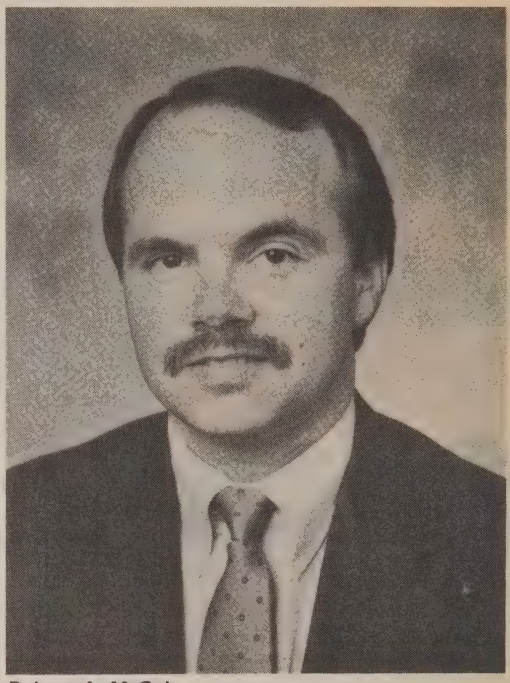


DX Communications had one of the more impressive booths in Dallas.

Guy Davis explains marketing strategies, with a little help from his projector.



Craig Chamber
Vice President Sales and Marketing
Luxor North America Corp.



Robert A. McGuinness
Vice President Finance and Administration
Luxor North America Corp.

Luxor Names Two Veeps in Marketing Expansion

Luxor North America Corp. has established two new management posts as part of a move to strengthen corporate operations. Its new company officers are Craig Chambers, vice president sales and marketing, and Robert A. McGuinness, CPA, vice president finance and administration.

In making the announcement, Hans Giner, Luxor's president, said "These appointments greatly strengthen our ability to operate in the challenging post-scrambling environment. Luxor, as part of The Nokia Group's Salora-Luxor Satellite Divison, is optimistic about the long-range outlook for home and commercial sales of satellite TV receiving systems."

Chambers comes to Luxor from Group W Satellite Communications, where he served five years as general manager, affiliate relations, Western Division. Prior to that he served two years as director of marketing and sales from Group W Cable TV (formerly Teleprompter Cable TV). His previous experience includes television broadcast sales and advertising agency account work. He holds a bachelor of science degree in journalism and broadcasting from the University of Oregon and a masters in business administration from the University of Portland.

McGuinness has served as Luxor's chief financial officer since 1985. Previously, he served six years as a CPA with Coopers & Lybrand, the big-eight accounting firm, as an auditor and financial advisor for many West Coast corporations. McGuinness was graduated from Washington State University with a B.A. degree in accounting and is a member of the American Institute of Certified Public Accountants, Washington State Society of Certified Public Accountants.

Luxor, is a subsidiary of the Nokia Group, the giant Finnish consumer and industrial electronics concern. Nokia recently formed the new Salora-Luxor Satellite Division to develop, manufacture, and market components and systems for home, corporate, and institutional satellite television, cable TV, pay TV, and data transmission via satellite. TVRO

House Bill Gives FCC Scrambling Powers

Four members of the House Telecommunications Subcommittee have introduced new legislation which would give the FCC power to ban scrambling if home satellite signal access fails to develop at competitive prices. According to Curt Smith, aide to Rep. Dan Coats (R-IN), the bill's chief sponsor, the bill seeks to strike a balance between consumer and programmer interests. The bill also mandates an annual FCC report to Congress to monitor the access and rates for scrambled stations. The bill, however, stops short of rate regulation and also does not address the issue of distribution from a third party, as was suggested by the National Rural Electric Coop at the recent House hearing.

Mark Fowler, FCC chairman, recently testified before the House Telecommunications Subcommittee that he thought rate regulation measures such as HR 1840 and SB 1618, were not necessary if the marketplace can provide a fair distribution system.

Rick Brown, counsel to the Satellite Viewing Rights "superfund," reacted with caution to the new bill. "The bill shows a comprehension of issues the committee is trying to deal with," Brown told **Satellite TV Week**. "But it is also unclear how long this FCC process would take; expeditious action is important to us," continued Brown. A spokesman for SPACE, the satellite television industry association, said his group was still studying the proposal.

Mark Fowler, FCC chairman, recently testified before the House Telecommunications Subcommittee that he thought rate regulation measures such as HR 1840 and SB 1618, were not necessary if the marketplace can provide a fair distribution system.

HR 5058 also obligates the FCC to expedite processing of TV translator applications to serve rural communities in the event that CBS scrambles. In addition, the new measure increases penalties for intentional signal jamming to a maximum fine of $250,000 and 10 years imprisonment.

"Superstation" Bill Sponsored

House Copyright Committee chairman Robert Kastenmeier (D-WI) has co-sponsored a bill with Rep. Jim Wirth to clear the confusion surrounding the sale of "superstation" (WTBS, WOR, etc.) signals to home satellite TV system owners. Under the bill, satellite common carriers such as United Video and Eastern Microwave would pay 12 cents per subscriber under a compulsory license for royalties to compensate programmers. According to Wirth, "Passage of this bill is a very important part of our effort to solve the problems which now face the satellite dish consumer." Kastenmeier said he hopes the bill will be passed by Congress this year.

"Hauls" Remain Clear

A communications privacy bill, HR 4952, provides an exemption from privacy protection to allow home satellite systems to legally intercept "front haul" feeds from networks to local affiliates. The bill does not address "back haul" feeds from affiliates to networks, but industry sources say the effect is to retain the status quo. **TVRO**

A Cable Op By Any Other Name . . .

Perhaps a decoder for political prisoner swap could be worked out, or Viacom could just buy Cuba as a test market and give Castro his own show.

by Richard Acello

Word Power: This month's vocabulary builder is "vertical integration," which refers to the ability of a company to control all aspects of the production, distribution, and marketing of a product. The idea is to keep buying companies, which is good for taxes, control costs by controlling production, and to thereby control the market. Since the latter feature of vertical integration is occasionally found to be anti-competitive, most businesses will deny being vertical integrators.

But there's a corporate forest of vertical integration rising in the communications industry, according to a recent **Channels** magazine piece. Capital Cities, for example, which last year bought ABC, also has a piece of ESPN, Lifetime and Arts and Entertainment. It also owns 23 radio stations, ABC Motion Pictures (a production company), 8 TV stations, and Cap. Cities cable system. But the integrating champ may be Viacom which owns Showtime/The Movie Channel, Lifetime, MTV, Nickelodeon, Viacom TV and film productions, Viacom video cassette distribution, a program syndication, 4 TV stations, a major cable system, satellite transponders, 8 radio stations, and a draft choice to be named later. Imagine what Viacom's monthly phone bill must be — maybe they should buy a phone company, too.

More Word Power: While perusing the magazine **Cable Television Business**, I came upon an article advising cable operators how to sell programming to dish owners. In the piece, Alan McDonald, vice president of marketing for Daniels and Associates, is quoted as saying, "Dish owners are emotionally charged and can be totally irrational and illogical." What's a cable operator to do? Well, the article advises operators to do their home satellite business as a separate entity — in other words, to deceive the public. Daniels' satellite business is called "Sat Pro," and, continues the article, ". . .If system managers choose, they can set up separate phone lines to be answered by that name." As for the gratuitous generalization of satellite system owners, we can only suppose that an emotionally charged, illogical, and irrational person would make such a statement. As for encouraging cable operators to change their names for home dish program sales, we think this is indicative of paranoia and a lot worse.

A Decoder For Fidel: If you've been feeling emotional or irrational about scrambling, consider the case of one Fidel Castro, the president of Cuba. Castro, described in the **L.A. Times** as "an avid news and sports fan who has long picked up CNN on his dish," is not only out CNN, but apparently won't be able to get his VideoCipher at any price. Ted Turner, it seems, had promised to send a decoder to Havana, but the State Department warned that the current trade embargo with Cuba prevents Ted's gift. Perhaps a decoder for political prisoner swap could be worked out, or Viacom could just buy Cuba as a test market and give Castro his own show. Unless Turner's already thought of it.

TVRO

Sie Sees Dealer Role

continued from page 5

have every incentive to compete vigorously in this regard since higher relative package prices when compared to other services of similar value may decrease their penetration levels.

Dish Dealers as Sales Agents

Qualified dish dealers or other entities then could become authorized sales agents for the members of the users' co-op and offer flexible packages of programming services to dish owners at reasonable and competitive prices. They will provide a mechanism to interface with the authorization center for appropriate decoder activation with a single communications transaction. In return the sales agent will receive a commission for his efforts.

***

The above scenario would address the particular needs of rural America and, coupled with the retail activities of the cable industry already underway, hopefully would reestablish a stable growth curve for this new emerging technology. TCI stands ready to assist in whatever capacity appropriate to make this happen.

Very truly yours,

John J. Sie
Senior Vice President

Pat Miller stands by her truck — and her work — in Denver, Colorado.

"This Is a Service Industry," Says Lady Installer

Pat Miller, a young woman who runs the service department at Colorworld, a satellite dealership in Denver, says, "I've probably seen every system that ever came out at least once." Miller, who started as an installer with a company in Washington state in 1982 after a stint in the Air Force, estimates the number of systems she's installed at about 3,000. And as a woman who installs and repairs systems, Miller is a rare bird.

"She's the only woman I know of who has this particular job," says Joanne Johnson of Paraclipse and Women in Satellite Communications.

In fact, Pat Miller started out as a history major in college, but an Air Force aptitude test uncovered her flair for electronics. But Miller has since discovered that while having the electronic and mechanical know-how is important, her major success lies in dealing with people, in transferring some of her knowledge to her customers.

"This is a service industry," says Miller. "So many installers install it (the system) and then walk out the door. They need to learn how to help people enjoy the product they've just spent a lot of money on."

To ease her customers through the more technical explanations, Miller uses occasional jokes and one-liners, "anything to get that glimmer of 'OK, I'm listening now.'"

And in Miller's experience, many people who have trouble with their systems have never really had them explained properly.

In her current job, Miller, 25, makes between 6 and 10 service calls a day and logs as many as 200 miles. Most of her customers have older systems "and their dealers are gone." So she spends time upgrading systems to get them functioning again. "I see so many people who have been flat out abandoned," she says.

But as the industry gets older, things are likely to change. In 1982, it took Miller at least two or three days to install a system. That time is now down to three to five hours. And as the equipment becomes more streamlined, customers are expecting, and getting, improved service. "It's important to choose a good product line, something that will stand the test of time." Despite the recent slump, Miller advises her colleagues to "stay on top of the industry. The big thing is to be positive. There is going to be a future in this industry," she says.

That doesn't mean success will come without hard work. Miller routinely puts in 12-hour days and she understands the concept of growing pains for an industry going from a group of backyard entrepreneurs to a more established position.

Now, instead of studying the past (history), Miller has her eye firmly on the future. "I am sticking with it," she says with determination. "Besides, it's exciting."

TVRO

DEALER ASSOCIATIONS

ALABAMA SATELLITE INDUSTRY ASSN.
POB 4599
Montgomery AL 36103
205/834-2001

MID AMERICA DEALER ASSN.
514 A North 7 Hwy
Blue Springs MO 64015
816/229-1755
Charles Lesholz

GARDEN STATE DEALER ASSN.
105 W 14th St
Bayonne NJ 07002
201/823-1199

SATELLITE DEALERS ASSN. OF MICHIGAN
3125 Twelve Mile Rd
Berkley MI 48072
313/543-5500

TENNESSEE ARKANSAS MISSISSIPPI DEALERS ASSN. (TAMDA)
3536 Canada Rd
Lakeland TN 38002
901/377-5400

SOUTHERN UTAH DEALER ASSN.
POB 12
Beaver UT 84713
801/438-2658
Stephan Thomas

SATELLITE TV SYSTEMS OF AMERICA
1975 Utica Ave
Brooklyn NY 11234
718/531-3397
Ian Allen

MISSISSIPPI DEALER ASSN.
Rt 9 Box 81A
Philadelphia MS 39350
601/656-7501
Felix Knight

TENNESSEE SATELLITE DEALERS ASSN.
655 W Main
Hendersonville TN 37075
615/822-4116
Bill Britain

FLORIDA ASSN. OF SATELLITE DEALERS
11791-4 Cleveland Ave
Fort Myers FL 33907
813/275-8979
Chuck Chappelle

PRINCE ELECTRONICS INC.
1129 Ramey Ave
Worthington KY 41183
606/836-2094

NYSAT
114 E Front St
Hancock NY 13783
607/637-4565

STRATA
3250 Lincoln Wy E
Massillon OH 44646
216/832-5914

GREAT LAKES SATELLITE DEALER ASSN.
3249 Kewaunee Rd
Green Bay WI 54301
414/863-6936

TRI-STATE SATELLITE DEALERS ASSN.
Rt 73; POB 174
Berlin NJ 08009
609/768-0606
Patrick Haverkock

CAROLINA DEALER ASSN.
POB 54
Saxapahaw NC 27340-0054
919/376-9030
Chuck Bergeson

OKLAHOMA DEALER ASSN.
POB 2315
Edmond OK 73083
405/348-9866
Cliff Wallraven

LOUISIANA SATELLITE DEALERS ASSN.
POB 157
Carencro LA 70520
318/981-6835

UNITED SATELLITE ASSN. OF PENNSYLVANIA
7149 Sterling Rd
Harrisburg PA 17112
717/540-9970
Dan Wilhelm

SOUTHERN SATELLITE OF CONNECTICUT DEALER ASSN.
35 Old State Rd (67)
Oxford CT 06483
203/888-1980
Bob Winkis

KENTUCKY SATELLITE DEALER ASSN.
3037 Ring Road
Elizabethtown, KY 42701
(502) 737-5497

UNITED SATELLITE ASSN. OF ARIZONA
8518 N 7th St
Phoenix AZ 85020

SATELLITE TV DEALER ASSN. OF GEORGIA INC.
1447 Peachtree St NE Ste 804
Atlanta GA 30309
404/872-2415
Bert Fridlin

UNITED SATELLITE ASSN. OF ARIZONA
4815 E Speedway
Tuscon AZ 85712
602/323-3474
Bob Huff or Tom Donahue

OHIO SATELLITE ASSN.
POB 640
Cuyahoga Falls OH 44221
(216) 633-8545

SATELLITE TACTICAL ACTION RETAILER SOCIETY (STARS)
2540 E Glendale
Sparks NV 89431
702/331-6688
Jerry Shapiro

CENTRAL OHIO SATELLITE TRADE ASSN. RETAILERS
POB 18164
Columbus OH 58727
614/471-6118
Michael E Grant

WESTERN MASSACHUSETTS DEALER ASSN.
396 Main
East Hampton MA 01027
413/527-3353
Tim Griffin

NORTHERN ILLINOIS SATELLITE DEALERS ASSN.
1081 Hwy 251 S
Rochelle IL 61068
(815) 562-5445
Dorothy Cultra

WOMEN IN SATELLITE COMMUNICATIONS
1920 North St. NW Suite 510
Washington, D.C. 20036
Robyn Neitert

SATELLITE COMMUNICATIONS ASSN. OF THE NORTHWEST
2918 Portland Rd.
Newberg, OR 91132
503/538-1190
Dennis Lewis

NORTH TEXAS SATELLITE DEALERS ASSN.
2661 Walnut Hill Lane
Dallas, TX, 75229
(214) 351-0812
Larry Whitlock

They Sell Vacuum Cleaners, Don't They?

by Pat Porter

I was amazed the other day when a Kirby vacuum cleaner salesman called to make an appointment to demonstrate a vacuum cleaner.

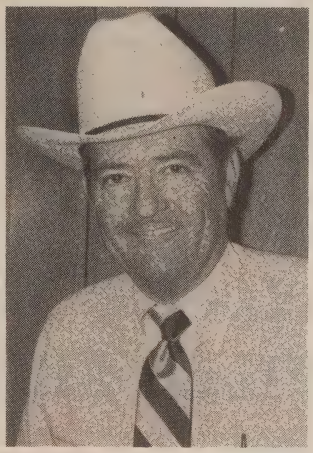
Times in west Texas are not the best they have ever been. I saw an owner stealing from a bartender the other night. When you open a new savings account with a savings and loan company in Odessa they will give you a choice between a drilling rig and a toaster. (They are all out of toasters.) The farmers in our area are starting to can gravy. We have even been using catfood helper at our house. The Ethiopians are starting to tell west Texas jokes.

Having been a house husband lately — while waiting for my next career assignment — I was interested in anything that might ease the tedium and drudgery of house work.

How much do you think that a new vacuum sweeper costs the house wife? $999! Shampooer is extra.

We started to talk about the vaccum cleaner business, specifically the $900 vacuum cleaner business! This fellow has sold 46 sweepers in the last 60 days. This is a fair chunk out of the economic sector of west Texas. And he isn't the only one working. I asked him how he sold these sweepers. He said that he talked to 100 people and 50 of them would let him come into their home and make his presentation. And of those 50, seven would buy.

That's how they taught us to sell in Sales 101. Nothing has changed —except us. We have lost the magic and the thrill of seeing that colored picture leap out of the snow on the TV. If we could get half as thrilled about crystal clear reception, family entertainment, 24 hour a day, news, weather, sports with the push of a button as he did about the light on his sweeper and the space age styling, and sucking the dead skin off the bed sheets; oh, you've never seen the Kirby demonstration?



Pat Porter

I felt ashamed that I seemed to have forgotten all that I had ever learned about selling.

I realize that I have left out some details — the Kirby man has been at this sort of thing a lot longer than we have. And he hasn't ever been threatened with legislation to make his distribution system illegal, and the plug that cleanliness is next to godliness couldn't hurt.

I talked to Dwight Nichols with Ultrasat at the Dallas show. Dwight summed it up for all of us when he told me, "Pat, I knew from the beginning that the gold wasn't always going to be lying on top of the ground."

We should stop and remember that the satellite business is a lot like kissing girls. When it's good, it's wonderful, and when it's bad, it's still pretty good.

Until next time... **TVRO**

COMING IN TVRO

- **RV/TV: a special report from the coast of Oregon, as TVRO Dealer goes on the road ...**
- **...We'll also go on the road with a man who sells satellite dishes**
- **From Washington, a legislative watch**
- **Program Package and Distribution update**

and much, much more ...

THE SATELLITE TELEVISION INDUSTRY ASSOCIATION, INC.

Inside SPACE

300 N. WASHINGTON STREET SUITE 310 ALEXANDRIA, VIRGINIA 22314 (703) 549-6990

SPACE/STTI SEPTEMBER 1-2-3, 1986 THE OPRYLAND HOTEL NASHVILLE SHOW

SPACE and STTI are proud to announce that their Fall '86 Show will be returning for the fourth year to The Opryland Hotel in Nashville, Tennessee, September 1, 2 and 3, 1986.

The Nashville Show brings thousands of attendees from all over the globe to the "Music Capital of the World." As many of you will recall, U.S. Senator Albert Gore of Tennessee stated at last year's convention that the SPACE/STTI Nashville Show '85 was the largest trade show ever held in the State of Tennessee.

Nashville is ideally located in the heart of the eastern half of the United States. Most important is the fact that fifty percent of all the people in the United States live within a 600-mile radius of Nashville — one day's drive or a 1½-hour plane ride for the most distant resident of that area.

TVRO manufacturers, distributors and dealers find The Opryland Hotel exhibit area to be one of the finest convention facilities to be found anywhere in the country. The huge Exhibit Halls will accommodate approximately 600 booths while there is ample room for upwards of 400 operating antennas in the area just outside the building.

SPACE and STTI will use their joint drawing power to attract the large buying audience that our industry has come to expect from our Shows. As an industry leader, you will want to present your company's story at Nashville in the best possible way. We will expend every effort to help you.

THE NASHVILLE SHOW PROGRAM

SPACE will publish the Nashville Showguide, which details everything that will occur at the Show. It will also have advertising from leading TVRO manufacturers, distributors and dealers.

SPECIAL DISCOUNT AIR FARES

American Airlines is our official air service and is working with us to provide all SPACE/STTI Nashville Show '86 attendees with a discount averaging 35 percent off all regular coach fare. Call toll free 1-800-433-1790. In order to receive your special discount air fare, please advise American that your Profile Number is S51656.

OPRYLAND HOTEL RESERVATIONS

We urge you to make your Opryland Hotel reservations early to assure room availability and the special rates accorded our show. Advise Opryland reservations that you're with "The Satellite Show." The special room rate is $76 per night, single or double. The hotel reservation number is 615-889-1000.

BANQUET ABOARD THE GENERAL JACKSON

Enjoy a special evening aboard the General Jackson Showboat on Tuesday evening, September 2.

EXHIBITOR INFORMATION

It is not too late to reserve exhibitor space at the Nashville Show. To do so contact STTI at 800-654-9276 or 702-367-1471.

SPACE/STTI hope that you will plan to attend the Nashville Show — one of our largest and most popular shows. A large registration is anticipated and we are predicting three very busy and productive days for you in this beautiful and traditional southern setting. It's going to be a winner — don't miss it!

In this issue...

- BILL INTRODUCED TO ALLOW SALE OF SUPERSTATIONS TO TVRO OWNERS
- NEW SCRAMBLING BILL INTRODUCED IN HOUSE
- CNN AND HEADLINE NEWS OFFER HOME SATELLITE PACKAGE
- SPACE/STTI NASHVILLE SHOW
- SPACE MEMBERSHIP ALERT
- WHAT IS SPACE?
- PRIVACY BILL TO BE CONSIDERED
- SPACE/STTI NASHVILLE, TENNESSEE, SEPTEMBER 1-2-3, 1986, THE OPRYLAND HOTEL NASHVILLE SHOW

SPACE GOALS FOR '86

1. The satellite earth station consumer should have a right of access to all scrambled signals.

2. Programmers generally should be paid for their efforts, either through advertising, through subscription, through pay-per-view or some yet-to-be-conceived payment plan.

3. The satellite earth station consumer should pay reasonable prices. This must come about either through a) a competitive, free enterprise distribution system not controlled exclusively by programmers or cable operators or by, b) legislation including regulation. SPACE supports a level playing field in the area of distribution of scrambled signals to satellite earth station owners both inside and outside of cabled areas. That is, we oppose any distribution scheme that would have the effect of excluding independent, non-cable or non-programmer (distributors), and we oppose exclusive distribution plans through cable industry or programmer cooperatives.

4. SPACE supports the entrepreneurial spirit of all advertiser-supported services that wish to serve the rapidly expanding earth station market in an unscrambled mode in order to maximize their viewing audiences. We encourage these services to use their common sense and not succumb to the anticompetitive posture of the cable industry advocates that are attempting to force them to scramble by threatening to drop their services. In summary, they should have freedom by choice.

5. Scrambling equipment should be low cost, user friendly and widely available. This includes: a) chip sets and associated electronics should be available to all satellite earth station receiver manufacturers; b) sufficient decoders should be available before encryption commences, and c) encryption should be a flow-through encryption system that will allow viewing screen to be addressed, decoded and billed. This includes every cable, MDS and STV subscriber. Anything short of that is an interim technology and the consumer should not be forced to pay for such an experiment.

EARTH STATIONS GROWTH SINCE 1980

(approximately)

1980	**5,000**
1981	**35,000**
1982	**130,000**
1983	**300,000**
1984	**525,000**
1985	**700,000**

Cumulative total at the end of 1985 is approximately 1.7 million.

BILL INTRODUCED TO ALLOW SALE OF SUPERSTATIONS TO TVRO OWNERS

Legislation has been introduced into the House that would establish a compulsory license for satellite carriers to permit the sale of superstations to home earth station owners, according to a report in **Broadcasting**. The bill is sponsored by the House Copyright Subcommittee Chairman Robert Kastenmeier (D-WI) and Subcommittee members Mike Synar (D-OK), Frederick Boucher (D-VA) and Carlos Moorhead (R-CA), and House Telecommunications Subcommittee Chairman Timothy Wirth (D-CO). It would establish a royalty fee of 12 cents per subscriber, per month, for each TVRO subscription. The fees will be collected and distributed among copyright holders by the copyright office. Under the bill, satellite carriers may sell superstations to earth station owners through a distributor, which could be a satellite TV dealer, cable operator, or any other business with access to a minimum number of subscribers.

CNN AND HEADLINE NEWS OFFER HOME SATELLITE PACKAGE

SPACE and Turner Broadcasting held a joint news conference in Atlanta on June 30 on the eve of full time scrambling of CNN and Headline News. Also participating were HBO, Showtime/The Movie Channel, M/A-Com and Anixter. The objective of the press conference was to minimize the potential for negative press reports about CNN scrambling. SPACE Chairman Taylor Howard stressed the need for third party sale of programming independent of cable TV distributors.

Others present included TBS Director of Marketing Marty Lafferty; Mike Shaughnessy, executive vice president of M/A-Com; Bob Caird, vice president of direct broadcast sales for HBO; Steve Schulte, senior vice president of direct broadcast for Showtime/The Movie Channel Inc. The following news organizations attended: AP, CNN, NBC, Network Radio, Atlanta Constitution and UPI, as well as Satellite Times and Multichannél News.

Anixter announced it would offer a $25 discount to consumers who purchase a Videocipher II descrambler and a one year subscription to CNN and Headline.

CNN and Headline also may be ordered with HBO and Cinemax through the same toll free number.

NEW SCRAMBLING BILL INTRODUCED IN HOUSE

A bill introduced in the House last week would empower the FCC to ban a satellite network service from scrambling if service is not made available at competitive rates, according to trade reports. The bill, H.R. 5058, was introduced by Rep. Dan Coats (R-IN) of the House Subcommittee on Telecommunications, and co-sponsored by Subcommittee members Al Swift (D-WA) and Howard Nielson (R-UT). Rep. Dennis Eckert (D-OH), who sits on the parent Energy and Commerce Committee, is also sponsoring the measure.

Under the bill, competitive prices are defined as prices determined by the marketplace.

SPACE MEMBERSHIP ALERT

Senate Bill 2575 the Electronics Communications Privacy Act of 1986 could criminalize home satellite earth station users who view certain unscrambled satellite transmissions. These include the backhaul feeds of networks, certain audio subcarriers, unscrambled teleconferences and possibly information contained in the vertical blanking interval. The U.S. House of Representatives has approved the Privacy Act with penalties that will criminalize home satellite earth station viewers who watch this unscrambled programming. The bill is being considered by the Senate, and will be voted on by the Senate Judiciary Committee sometime in late July. If it passes the Committee then it will be sent to the Senate for a full vote.

Because this bill deals with the interception of unscrambled satellite transmissions, we believe it is the appropriate vehicle for Congress to clarify the viewing rights of home satellite earth station users. It is the opinion of the Department of Justice that under current provisions of the Wiretap Act, interception of certain unencrypted video satellite transmissions is illegal. The Privacy Bill will perpetuate that view. We believe this bill, rather than continuing to cloud the issue on what unscrambled satellite transmissions a home viewer can watch, should clarify it. We are asking the Senate to amend the Bill so that it is absolutely clear that home satellite earth station users can watch any unscrambled satellite television video signals without fear of Federal prosecution. In order to make these satellite television viewing rights a reality, your help is needed.

Please contact your Senators at either their Washington offices or their home offices and voice your support for an amendment to S. 2575 that would affirm the right of home satellite earth station users to view any unscrambled satellite television video transmissions. SPACE and the Satellite TV Viewing Rights Coalition have transmitted a suggested amendment which would solve the problem to Senator Mathias' staff (he is the author of the Bill). When you contact your Senator's office, explain that the Bill, which is currently pending in the Judiciary Committee, would criminalize television viewers who, in the privacy of their own home, watch unencrypted video signals. We are not seeking access to protected signals such as telephone transmissions or encrypted video or data transmissions. However, regarding video signals, we believe that it is appropriate for the sender of the signal to have the burden of encrypting the transmission before Federal legislation guarantees the privacy of the transmission.

Of particular importance are the following Senators who are members of the Judiciary Committee (where the bill originated), and the Commerce Committee (which oversees communications issues).

COMMITTEE ON THE JUDICIARY

Strom Thurmond, Chairman, (SC)
Charles McC. Mathias, Jr., (MD)
Paul Laxalt, (NV)
Orrin G. Hatch, (UT)
Alan K. Simpson, (WY)
John P. East, (NC)
Charles E. Grassley, (IA)
Jeremiah A. Denton, (AL)
Arlen Specter, (PA)
Mitch McConnell, (KY)
Joseph R. Biden, Jr., (DE)
Ranking Minority Member
Edward M. Kennedy, (MA)
Robert C. Byrd, (WV)
Howard M. Metzenbaum, (OH)
Dennis DeConcini, (AZ)
Patrick J. Leahy, (VT)
Howell T. Heflin, (AL)
Paul Simon, (IL)

SPACE/STTI NASHVILLE SHOW

The next SPACE/STTI show will be held in Nashville at the Opryland Hotel on September 1, 2, and 3. Exhibit space at this show is going fast with over 400 booths sold to date. Attendance is expected to be good, with registrations beginning to arrive at STTI already.

WHAT IS SPACE?

SPACE, the Satellite Television Industry Association, Inc., is the national trade association for the satellite TV (home earth station) industry. SPACE's membership consists of the manufacturers, distributors, dealers and consumers of home satellite dishes.

Since 1980 SPACE has represented the satellite TV industry before Congress, the Federal Communications Commission, the Executive Branch, the public and private sector. As a major lobbying group, SPACE has contributed to the introduction of numerous pieces of legislation into both the House and Senate that are designed to protect the rights of the home earth station owners.

As a trade association, SPACE promotes the public interest in satellite TV, defends the industry's right to exist among other communication technologies, secures program viewing rights for home dish users and acts as liaison with the legislative bodies to ensure the industry's development.

Another important mission for SPACE is to monitor and counteract the misinformation and harmful activities being undertaken by those opposed to the growth of home satellite TV.

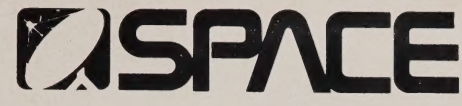
Since its origin in 1980, SPACE has dedicated itself to the success and growth of the home satellite TV industry. The past six years have proven that there exists a strong consumer desire for this exciting new technology. SPACE looks forward to 1986 and beyond as opportunities to make even greater strides for the home satellite TV industry.

"PRIVACY BILL" TO BE CONSIDERED

The Privacy Bill (S2575) in the Senate is up for consideration sometime after July 15th. It is critical that action be taken to protect satellite TV viewing rights, especially with the following Senators: Mathias (MD), Metzenbaum (OH), Leahy (VT), DiConcini (AZ), Laxalt (NV), Simpson (WY) and Hatch (UT).

The attached memorandum describes in full the situation. In summary, the bulk of the Privacy Bill does not pertain to the satellite television industry. However, several sections would make it illegal to watch backhaul feeds unencrypted teleconferences, and certain other audio transmissions. It is important to clarify that we do not want to have access to non-video communications, such as telephone calls, but that watching unencrypted video transmissions in the privacy of your home should not be a crime. If people using satellites want to protect video transmissions which millions can easily view, then they should scramble or encrypt their signals. The present bill puts the burden on innocent consumers. For example, a person who changes channels and watches a ballgame would be in violation of the law and subject to criminal action if it turned out that the ballgame was a network backhaul feed.

It is critical that you urge your Senator to support an amendment which would make certain that viewing unencrypted video satellite signals is not a crime. Your action will make the difference. Call or write today.



Dedicated To Serving Its Membership

SPACE is coming of age! Now more than ever your association is ready to meet the needs of its members. We have taken a hard look at our membership programs and listened very carefully to our members. As a result, SPACE expanded programs to include:

- **Educational Program and Dealer Certification Courses**
- **Standards Program**
- **Statistics Program**
- **Legislative and Legal Council**
- **Zoning Regulations**
- **Public Relations**

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